



1413 12/27/05 \$5,000.00

OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of )  
ALLSTATE INSURANCE COMPANY ) ORDER NO. D05-435  
An Authorized Insurer ) CONSENT AND ORDER  
IMPOSING A FINE

COMES NOW the Insurance Commissioner of the State of Washington, pursuant to the authority set forth in RCW 48.02.080 and RCW 48.05.185, and having reviewed the official records and files of the Office of the Insurance Commissioner ("OIC"), makes the following findings of fact and conclusions of law:

**FINDINGS OF FACT**

1. The Washington Surveying and Rating Bureau (WSRB) received approval of revised commercial property terrorism loss costs from the OIC effective November 1, 2004. These loss costs produced a 1.1% overall increase over its previously approved loss costs.
2. WSRB files on behalf of its member companies, including Allstate. Those member insurers (such as Allstate) that have a permanent loss cost multiplier on file with the OIC must do one of two things when new loss costs become effective. They must either automatically adopt the revised loss costs on the effective date or submit a non-adoption filing with the OIC prior to the effective date of the bureau filing.
3. On June 29, 2005, nearly eight months after WSRB's revised loss costs became effective, the OIC received a filing from Allstate stating that it was delaying the adoption of those loss costs until July 1, 2005.
4. Allstate had not automatically adopted WSRB's loss costs on their effective date, nor had it notified the OIC of its non-adoption prior to that date.
5. As a result of its failure to either adopt the revised WSRB loss costs or to notify the OIC of nonadoption, Allstate used unapproved rates from November 1, 2004, through June 30, 2005.

**CONCLUSIONS OF LAW**

1. RCW 48.19.040(6) requires every insurer to issue policies only in accordance with its rate "filing then in effect."

2. A fine for violation of this statute is authorized under RCW 48.19.430 in an amount not more than fifty dollars per violation, unless the violation is found to be willful. The OIC may assess a fine of not more than five hundred dollars for each willful violation.

3. Allstate's use of unapproved rates from November 1, 2004, through June 30, 2005, violated RCW 48.19.040(6).

4. This violation was not considered by the OIC to be willful.

### CONSENT TO ORDER

NOW, THEREFORE, Allstate Insurance Company consents to the following in consideration of The Company's desire to resolve this matter without further administrative or judicial proceedings, and the Insurance Commissioner consents to settle the matter in consideration of The Company's fine on such terms and conditions as are set forth below:

1. Allstate Insurance Company consents to the foregoing Findings of Fact and Conclusions of Law as they pertain to these facts, consents to the entry of the Order, and waives further administrative or judicial challenge to the OIC's actions related to the subject matter of the Order;

2. Within thirty days of the entry of this Order, Allstate agrees to pay to the OIC a fine in the amount of \$5,000 (five thousand dollars);

3. Failure to pay the fine set forth in paragraph two shall constitute grounds for the revocation of Allstate's Certificate of Authority; and

4. Allstate understands and agrees that any future failure to comply with the statutes which are the subject of this Order constitutes grounds for further penalties which may be imposed in direct response to that further violation.

EXECUTED this 23<sup>rd</sup> day of December, 2005.

ALLSTATE INSURANCE COMPANY

By: [Signature]

Title: Asst Vice President & Asst General Counsel

*per telephone authorization mh*

### ORDER OF THE INSURANCE COMMISSIONER

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

1. Allstate Insurance Company is ordered to pay a fine in the amount of \$5,000 (five thousand dollars).

2. \$5,000 (five thousand dollars) must be paid in full within thirty days of the date of entry of this order. Failure to pay this fine and to adhere to the conditions shall constitute grounds for revocation of Allstate's Certificate of Authority, and in the recovery of the full fine, including the suspended portion, through action brought on behalf of the Commissioner by the Attorney General.

ENTERED AT TUMWATER, WASHINGTON this 29<sup>th</sup> day of December, 2005.

Mike Kreidler  
Washington State Insurance Commissioner

By: Andrea L. Philhower  
Andrea L. Philhower  
Staff Attorney, Legal Affairs Division